

Industrial Energy Efficiency and Combined Heat and Power Summit

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Industry Challenges

- IB MACT and other Environmental Issues
- Education/Expertise
- Time Constraints/Compliance Dates
- Competitiveness
- Internal Demands for Capital and O&M
- Payback Period
- No Regrets Decisions – Short-term vs. Long-term

Existing Partnership between Industry and Alabama Power

- Process focused on Individual Customer's Need – no one size fits all or cost socialization
- ~2000 MW of CHP (co-gen) in place today
 - ~1500 MW Industry Owned
 - ~550 MW of Company Owned
- The 1500 MW of Industry Owned CHP has allowed the avoidance of ~1700 MW of traditional generation
- Non participating customers are not economically impacted

Why Do Other States/Regions Have Incentives?

- Lack of sufficient / reliable generation resources – e.g., Texas, California, etc.
- “Organized Regional Markets” – MISO, PJM, NYISO, CAISO
- Social Policy Objectives – higher costs associated with these objectives are shared by all through higher rates

Why is Alabama Different?

- In general, the state of Alabama has plenty of reliable generation to meet existing and future customers' requirements – no need to build new generation
- Obligation to serve customers' needs
- Alabama has vertically integrated utilities vs. “organized market” – utilities are responsible for generation, transmission, and distribution of the electricity
- Vertically integrated utilities plan for both the short-term and long-term needs and select the most cost effective plans to meet these needs

What is Needed?

- Awareness and education to address the Industry challenges previously identified
 - IB MACT rules are out, but no one fully understands the near and long term implications (e.g., direct and indirect cost, reporting, etc.)
 - Other potential environmental regulation impacts (e.g., water, land, new air-NAAQS, GHG, etc.)
- Audits, data and decision making tools for Industry
- Urgency – IB MACT Notifications
 - Major source – May 31, 2013
 - Minor source – January 2014
- Teamwork – sharing of Industrial non-business confidential best practices and lessons learned

We are here to help!

- Alabama Power is committed to helping our customers and the Industry in Alabama
- Use of the Technical Applications Center
- Working in partnership with the state agencies, universities, industry and other service providers to meet the challenges ahead
- Listening, developing strategies, and implementing cost effective and beneficial options